
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Proposes Rule on Private Transfer Fee Covenants

Washington, DC – FHFA today sent a proposed rule to the *Federal Register* to begin formal rulemaking on private transfer fees. This rulemaking, which addresses comments received on a previously proposed guidance, would limit Fannie Mae, Freddie Mac, and the Federal Home Loan Banks from dealing in mortgages on properties encumbered by certain types of private transfer fee covenants and in certain related securities. Transfer fees are contractual arrangements where an owner pays a fixed amount or a percentage of the sales price at the time of transferring the property.

The proposed rule would exclude private transfer fees paid to homeowner associations, condominiums, cooperatives, and certain tax-exempt organizations that use private transfer fee proceeds to benefit the property. Fees that do not directly benefit the property would be barred.

With limited exceptions, the rule would apply only prospectively to private transfer fee covenants created on or after the date of publication of the proposed rule. With this formal rulemaking, comments are again being solicited and are due 60 days from publication in the *Federal Register*. Regulated entities are required to comply with the final rule within 120 days after its publication.

[Link to proposed rule](#)

[Link to proposed guidance Aug. 12, 2010](#)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.